

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7676

Investigation into the appointment of an entity to provide)
natural-gas efficiency services)

Order entered: 10/22/2010

ORDER OPENING INVESTIGATION AND NOTICE OF PREHEARING CONFERENCE

I. BACKGROUND

On November 24, 2009, the Vermont Public Service Board ("Board") issued an Order in Docket No. 7466 announcing the change in the structure of the Energy Efficiency Utility ("EEU") from a contract model to an Order of Appointment model. While Docket No. 7466 did not specifically address the role of Vermont Gas Systems, Inc. ("Vermont Gas") with respect to the EEU, the November 24 Order stated that "it is appropriate to consider whether there should be any changes to Vermont Gas's relationship with the EEU as a result of the EEU's new responsibilities for heating and process-fuel efficiency."¹

On June 16, 2010, Board staff held a workshop for interested parties to discuss general issues related to coordination between the EEU and Vermont Gas. As a result of these discussions, interested parties were asked to file comments on whether 30 V.S.A. § 209 (d)(2) requires the Board to appoint an EEU to develop, implement, and monitor the efficiency programs provided to natural-gas customers and whether funding from the Forward Capacity Market ("FCM") and Regional Greenhouse Gas Initiative ("RGGI") may be used to provide efficiency services to Vermont Gas customers. On August 20, 2010, the Board received comments from the Vermont Department of Public Service ("Department"), Vermont Gas, and the City of Burlington Electric Department ("BED").

In their filings, both the Department and VGS state that, pursuant to Section 209(d)(2), the Board is required to appoint an entity to develop, monitor, and implement efficiency services for natural-gas customers. Section 209(d)(2) further requires that an order of appointment of an

1. Docket 7466, Order of 11/24/09 at 79-80.

entity to serve as an EEU may only be issued after notice and opportunity for hearing. Accordingly, we are opening this investigation in order to appoint an entity to provide efficiency services in Vermont Gas's service territory. Furthermore, we are designating a Hearing Officer in this proceeding. As part of this investigation, we will ask the Hearing Officer to consider whether an appointment of Vermont Gas to continue delivering efficiency services would promote the general good of the State.

In its comments, Vermont Gas states that it is not interested in utilizing revenues from the FCM or RGGI to support its efficiency programs. However, in its filing, BED expresses interest in using such funds to provide heating-and-process fuel efficiency programs in Vermont Gas's service territory. The issue of BED using such funds in Vermont Gas's service territory will be considered in a separate workshop process (EEU-2010-02); therefore, this issue will not be addressed in this docket.

An important issue that was not addressed in the comments is the applicability of the requirements contained in Section 209(e) to an entity appointed to provide natural-gas efficiency services. These requirements include: ensuring that all retail customers have the opportunity to participate in and benefit from the efficiency programs; providing for independent evaluation of the programs; and verification of reported savings and cost-effectiveness of the programs by an independent auditor. We direct the Hearing Officer to also address these issues in this proceeding.

II. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. Pursuant to Title 30 of the Vermont Statutes Annotated and the Rules of the Public Service Board, and in particular pursuant to Section 209(d) of Title 30, an investigation is hereby instituted to appoint an entity to provide natural-gas efficiency services.
2. Pursuant to 30 V.S.A. Section 8, Andrea McHugh, Utilities Analyst, is appointed to serve as the Hearing Officer in this docket.

3. A prehearing conference will be held, pursuant to 30 V.S.A. § 10(c), on Tuesday, November 9, 2010, at 9:30 A.M., at the Public Service Board Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, Vermont. All parties shall be prepared to address questions of scheduling and intervention at that time.

Dated at Montpelier, Vermont, this 22nd day of October, 2010.

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| <u>s/ James Volz</u> |) | |
| |) | PUBLIC SERVICE |
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| <u>s/ David C. Coen</u> |) | BOARD |
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| |) | OF VERMONT |
| <u>s/ John D. Burke</u> |) | |

OFFICE OF THE CLERK

FILED: October 22, 2010

ATTEST: s/ Judith C. Whitney
Deputy Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)